

**REMARKS**

Claims 1-52 are pending in this application. By this amendment, claims 13-17, 19-23, and 26-52 are cancelled. The remaining claims have been amended to more precisely define that which the applicant believes to be his invention. These amendments have been done without narrowing the scope of the claims, nor are the amendments in response to art-based rejection of the previously submitted claims, since the art of record did not support a *prima facie* case of obviousness with respect to the previously pending claims. Further, the pending claims are allowable over the prior art of record for the following reasons.

Claims 14 and 40 stand rejected under 35 USC 112, second paragraph due to a typographical error that occurred during transcription of the claims resulting in indefinite phraseology. Both of these claims have been cancelled, thereby obviating the rejection.

Claims 1-9, 19-35, and 45-52 stand rejected under 35 USC 103(a) over Davis in view of information available at <http://www.kirtley-cole.com/> ("Kirtley-Cole"). Further, claims 10-17 and 36-43 are rejected under 35 USC 103(a) over Davis in view of information available at <http://www.kirtley-cole.com/> and the Microsoft Computer Dictionary. Finally, claims 18 and 44 are rejected under 35 USC 103(a) over Davis, Kirtley-Cole, and The Dictionary of Finance and Investment Terms. In view of the amendment of independent claim 1 and the cancellation of claims 13-17, 19-23, and 26-52, the rejections are moot. Moreover, even without the amendments presented herein, the rejection is not sufficiently supported to render the claimed invention obvious.

The rejection under 35 USC 103(a) over Davis in view of the Kirtley-Cole website does not establish a *prima facie* case of obviousness with respect to independent claim 1. First, the Examiner has not alleged, shown, or otherwise indicated that the information on the Kirley-Cole



website was published prior to February 3, 2000 -- the filing date of this application. It is unclear that the copyright notice on the "payroll deduction form" refers to the content of the document or the indicia thereon, such as the Kirtley-Cole logo. Absent such a showing, the information at the Kirtley-Cole website is not available as prior art and the rejection would have to be withdrawn for that reason.

Applicant does not dispute, however, that payroll deduction programs have been known for many years, to permit employees to make purchases from the companies by whom they are employed. By combining the payroll deduction authorization form shown on the Kirtley-Cole website with the reference to Davis (showing a system and method for credit card transactions), the Examiner fails to show the claimed step of "establishing a payroll deduction card account by to enable an employee to charge a purchase to said payroll deduction card account to pay for a purchase made from a participating merchant". Nowhere in the reference to Kirtley-Cole is it suggested that an employee using the payroll deduction plan can make purchases from merchants other than the Kirtley-Cole company. Without finding the suggestion that the payroll deduction plan could be extended to merchants other than the company for whom the employee works, or within the Davis reference, the Examiner must find the suggestion within the applicant's disclosure.

Since it is impermissible for the Examiner to look to applicant's disclosure to find the suggestion to combine the references, the prior art of record cannot support a *prima facie* case of obviousness. Neither the Kirtley-Cole reference or Davis suggests the use of an employee's payroll account to settle transactions with parties other than the employee's employer, therefore the Examiner was forced to modify the references in order to combine them to arrive at the

claimed invention. Obviously, the only source of suggestion for this modification of the references is applicant's disclosure -- this is impermissible hindsight reconstruction.

The present invention departs from the prior art by disclosing a method by which employers can set up a dynamic system that allows employees to charge purchases made from participating merchants to their payroll accounts. The prior art teaches employers to make deductions from an employee's payroll for charges incurred by the employee in transactions with the employer. Each charge would require a manual adjustment to the employee's payroll to adjust the employee's pay to reflect the amount of the goods or services that the employee received from the employer. Such adjustments are inconvenient and time consuming for the employer, but have traditionally been offered as a benefit of employment.

Applicant's claimed invention, however, eliminates the need for the employer to manually adjust the payroll of the employee and further permits the employee to apply charges against their payroll for purchases made from parties other than the employer. Neither of these claimed features is shown in the "Kirtley-Cole" or Davis reference. Specifically, claim 1 requires "establishing a payroll deduction card account to enable an employee to charge a purchase to said payroll deduction card account to pay for a purchase made from a participating merchant". Neither reference, alone or in combination, teaches the use of the payroll deduction system for use in a transaction between the employee and a third party. Further, neither Kirtley-Cole or Davis disclose the step of "debiting said payroll automatically and dynamically in the amount of said charge". The extent of the Kirtley-Cole website disclosure is to show that it was known for employees to deduct the price of purchases made from the employer from their payroll; the reference, however, does not describe the system by which deductions are made from the payroll. Davis does not teach deducting the price of purchases from payroll. There is

no art of record or known by applicant that teaches a system for automatically and dynamically deducting purchase amounts from an employees' payroll. For these reasons, the combination of references cannot support a *prima facie* case of obviousness and the rejection of claim 1 and claims depending therefrom should be withdrawn.

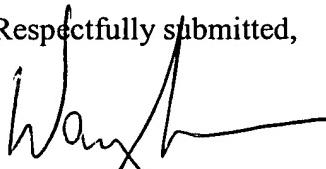
All claims are in condition for allowance and a notice thereof is earnestly solicited.

Attached hereto is a marked-up version of the changes made to the claims by the current amendment. The attached page is captioned "Version with markings to show changes made."

In the event that the transmittal letter is separated from this document and the Patent Office determines that an extension and/or other relief is required, applicants petition for any required relief including extensions of time and authorize the Commissioner to charge the cost of such petitions and/or other fees due in connection with the filing of this document to Deposit Account No. 03-1952 referencing docket no. 482772000100. However, the Commissioner is not authorized to charge the cost of the issue fee to the Deposit Account.

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Respectfully submitted,

  
Wayne C. Jaeschke, Jr.  
Registration No. 38,503

Morrison & Foerster LLP  
2000 Pennsylvania Avenue, N.W.  
Washington, D.C. 20006-1888  
Telephone: (202) 778-1446  
Facsimile: (202) 263-8396

**VERSION WITH MARKINGS TO SHOW CHANGES MADE**

**IN THE CLAIMS:**

Please cancel claims 8-9, 13-17, 19-23, and 26-52 without prejudice or disclaimer.

1. (Amended) A method [for using an e-duction card as a payment instrument during on-line and off-line purchases with a participating merchant, whereby a purchase amount paid with the e-duction card is deducted from an employee's future paycheck, the method comprising the steps of:] comprising:

[authorizing, by an employer, a processing system to offer payroll deduction as a payment option during commerce transactions between the employee and the participating merchant; ]

establishing a payroll deduction card account to enable an employee to charge a purchase to said payroll deduction card account to pay for a purchase made from a participating merchant;

[signing-up, by the processing system, merchants who agree to accept the e-duction card; establishing, by the processing system and the employer and by the processing system and the participating merchant, guidelines for using the e-duction card;]

cross referencing the payroll deduction card account to the payroll of said employee, wherein charges applied to said payroll deduction card account are automatically and dynamically deducted from said payroll;

[creating, by the processing system, e-duction cards that are used as a payment option by authorized employees and accounts that correspond to the e-duction cards;

selecting, by the employee, articles to be purchased from the participating merchant and paying for the articles with the e-duction card;

submitting, by the participating merchant to a network processor, information stored on the e-duction card;

verifying, by a network processor, the employee and merchant status;

processing, by the network processor, a transaction reflecting the employee's purchase;

transferring, by the network processor to a payroll processor, the transaction in order for the transaction amount to be deducted from the employee's future paycheck; and updating the employee corresponding account and notifying the employee by the processing system]

applying said charge to said payroll deduction card account; and  
debiting said payroll automatically and dynamically in the amount of said charge.

2. (Amended) The method of claim 1, [wherein the step of establishing guidelines further comprises the steps of:] further comprising:

establishing a number of pay periods during which payroll deductions can occur; and  
establishing a [number of transactions allowed to each employee; and basing the number of payroll deductions on a total price of the transaction] credit limit for said employee.

6. (Amended) The method of claim [4] 1, further comprising the steps of periodically providing, by the employer, a list with information about employees who qualify to participate to use [the e-duction] said payroll deduction card account, and storing[, by the processing system,] the list with information in a system database.

7. (Amended) The method of claim [5] 6, wherein [the step of] submitting information on [the e-duction] said payroll deduction card account, further comprises [the step of swiping the e-duction] entering information stored on a magnetic strip on said a payroll deduction card into a network infrastructure.

10. (Amended) The method of claim 7, further comprising [the steps of] storing information in the system database in a network processor database and periodically synchronizing information in the system database and information in the network processor database.

11. (Amended) The method of claim 10 [, wherein the step of creating further comprises the step of] further comprising storing the employee account information on [a] said magnetic strip[e] [in the e-duction] on said payroll deduction card.

12. (Amended) The method of claim 11 [, wherein the step of verifying further comprises the step of] further comprising using the account information on the magnetic strip[e] and information on the network processor database to verify the employee's employment status and account information and to verify that a submitting merchant is a participating merchant.

18. (Amended) The method of claim 1 [, wherein the step of notifying further comprises the step of] further comprising notifying [sending an e-mail or mail to] the employee of transactions conducted on their payroll deduction card account [, whereby the employee may use the e-mail to link to a system web site to review the employees' purchasing history and payroll deducting history for a pre-defined period of time].

24. (Amended) The method of claim 1 [, wherein the step of creating e-duction cards further comprises the steps of] further comprising issuing a payroll deduction card including a microchip [in the e-duction card] for storing the employee account information and purchasing history and updating information on the chip to reflect each transaction.

25. (Amended) The method of claim 24, wherein [the step of creating e-duction cards] issuing said payroll deduction card further comprises [the step of] creating private brand cards [that may be executed] for execution on an existing network infrastructure.